

AMENDED IN ASSEMBLY AUGUST 24, 2015

SENATE BILL

No. 102

Introduced by Committee on Budget and Fiscal Review

January 9, 2015

An act relating to the Budget Act of 2015. An act to amend Sections 11555, 11556, 11565.5, 19825.5, 22866, and 100505 of the Government Code, to amend Section 1233.10 of the Penal Code, and to amend Sections 17138.3 and 24308.7 of the Revenue and Taxation Code, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 102, as amended, Committee on Budget and Fiscal Review.
~~Budget Act of 2015. State government.~~

(1) Existing law provides for the salaries of the chairperson and commissioners of the Board of Parole Hearings and the chairperson and members of the Occupational Safety and Health Appeals Board, and limits increases to those salaries by, among other restrictions, prohibiting a salary increase exceeding the percentage of the general increase in the salary rates and ranges for classifications provided during that fiscal year for state employees designated as managerial.

This bill would instead authorize the Department of Human Resources to set and adjust, as needed, the annual compensation of these state officers based on specified factors. The bill would prohibit compensation for these state officers from exceeding 125% of the compensation recommended to be paid to the Governor by the California Citizens Compensation Commission, and would require the department to notify the Legislature of the compensation level implemented within 30 days of the effective date of the proposed compensation adjustment.

(2) *The Public Employees' Medical and Hospital Care Act requires, among other things, the Board of Administration of the Public Employees' Retirement System to report to the Legislature and the Director of Finance, on November 1, 2015, and annually thereafter, on specific components of the health benefits program.*

This bill would remove the requirement for the board to report on November 1, 2015, and instead require the board to report beginning on November 1, 2016, and annually thereafter.

(3) *Existing law established the California Health Benefit Exchange to be governed by an executive board consisting of 5 members who are residents of California. Existing law requires the board to establish and use a competitive process to select participating carriers and any other contractors, and exempts any contract entered into pursuant to these provisions from the State Contract Act.*

This bill would make a nonsubstantive change to this provision.

(4) *Existing law requires a county board of supervisors, upon an agreement to accept specified funding, to develop and administer a competitive grant program in collaboration with the county's Community Corrections Partnership to fund community recidivism and crime reduction services. Existing law allocates funding to counties from the Budget Act of 2015 pursuant to a specified allocation schedule for this purpose and requires the board of supervisors to grant the funds to community recidivism and crime reduction service providers, as defined. Based on the population of the county, existing law limits the maximum amount of funds that may be awarded to a service provider to between \$10,000 and \$100,000, and further limits the total amount of grants that may be awarded to a single provider by all counties to \$100,000.*

This bill would make the above-specified limitation on the maximum amount that may be awarded to a service provider applicable to each Budget Act allocation.

(5) *The Personal Income Tax Law and the Corporation Tax Law provide for various exclusions from the calculation of gross income in determining tax liability, and specifically exclude from that calculation, for taxable years beginning on or after July 1, 2015, an amount received as a loan, loan forgiveness, grant, credit, rebate, voucher, or incentive from the California Residential Mitigation Program or the California Earthquake Authority relating to earthquake loss mitigation. These existing laws define "earthquake loss mitigation" as an activity that reduces seismic risks to a residential structure or its contents, or both,*

and defines a “residential structure” by reference to another law, relating to policies of residential property insurance.

This bill would remove the reference to a loan from the listing of excluded items, and revise the definition of “residential structure” to also include a residential building of not fewer than 2, but nor more than 10, dwelling units.

(6) The bill would make an appropriation from the State Department of Public Health Licensing and Certification Program Fund of \$400,000 to the Long-Term Care Ombudsman Program for the purposes of Program 3900-Supportive Services, as specified in the Budget Act of 2015.

(7) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2015.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11555 of the Government Code is
2 amended to read:

3 11555. (a) Effective January 1, 1988, an annual salary of
4 seventy-one thousand five hundred eighty-seven dollars (\$71,587)
5 shall be paid to the following:

6 (1) Chairperson of the Board of Parole Hearings.

7 (2) Chairperson of the Occupational Safety and Health Appeals
8 Board.

9 (b) The annual compensation provided by this section shall be
10 increased in any fiscal year in which a general salary increase is
11 provided for state employees. The amount of the increase provided
12 by this section shall be comparable to, but shall not exceed, the
13 percentage of the general salary increases provided for state
14 employees during that fiscal year.

15 (c) Notwithstanding subdivision (b), any salary increase is
16 subject to Section ~~11565.5~~ 19825.5.

17 SEC. 2. Section 11556 of the Government Code is amended to
18 read:

1 11556. (a) Effective January 1, 1988, an annual salary of
2 sixty-nine thousand seventy-six dollars (\$69,076) shall be paid to
3 each of the following:

4 (1) Commissioner of the Board of Parole Hearings.

5 (2) Member of the Occupational Safety and Health Appeals
6 Board.

7 (b) The annual compensation provided by this section shall be
8 increased in any fiscal year in which a general salary increase is
9 provided for state employees. The amount of the increase provided
10 by this section shall be comparable to, but shall not exceed, the
11 percentage of the general salary increases provided for state
12 employees during that fiscal year.

13 (c) Notwithstanding subdivision (b), any salary increase is
14 subject to Section ~~11565.5~~ 19825.5.

15 *SEC. 3. Section 11565.5 of the Government Code is amended*
16 *to read:*

17 11565.5. Notwithstanding Sections 11553, 11553.5, ~~11555~~,
18 ~~11556~~, 11563.7, and 11564, with respect to any salary increase
19 made after January 1, 1997, for nonelected members of state boards
20 and commissions specified in Sections 11553, 11553.5, ~~11555~~,
21 ~~11556~~, 11563.7, and 11564, the annual compensation provided by
22 these sections shall not automatically increase but may be increased
23 in any fiscal year in which there is a general increase in the salary
24 ranges and rates for state civil service classifications. The amount
25 of the increase, as determined by the Department of Human
26 Resources and subject to the appropriation of funds by the
27 Legislature in the annual Budget Act, shall not exceed the
28 percentage of the general increase in the salary rates and ranges
29 for classifications provided during that fiscal year for state
30 employees designated as managerial.

31 *SEC. 4. Section 19825.5 of the Government Code is amended*
32 *to read:*

33 19825.5. (a) Notwithstanding Sections 11550, 11552, ~~and~~
34 ~~11554~~, 11554, 11555, *and* 11556, the department shall set and
35 adjust, as needed, the annual compensation of the officers and
36 employees listed in Sections 11550, 11552, ~~and 11554~~. 11554,
37 11555, *and* 11556.

38 (b) When setting or adjusting the annual compensation of the
39 employees described in subdivision (a), the department shall
40 consider the size and scope of the organization, compensation paid

1 to other similar positions in other public jurisdictions, the scope
2 of responsibility of the position, the need to avoid salary
3 compaction, and other factors appropriate to the determination of
4 compensation necessary to recruit and retain qualified employees
5 in leadership positions for the state. The compensation shall not
6 exceed 125 percent of the compensation recommended to be paid
7 to the Governor of the State of California by the California Citizens
8 Compensation Commission.

9 (c) The department shall notify the Legislature of the
10 compensation level implemented for any of the employees
11 described in subdivision (a) within 30 days of the effective date
12 of the proposed compensation adjustment.

13 *SEC. 5. Section 22866 of the Government Code is amended to*
14 *read:*

15 22866. (a) The board shall report to the Legislature and the
16 Director of Finance ~~annually~~, *on or before November 1, 2016, and*
17 *annually thereafter*, regarding the health benefits program. The
18 report shall include, but not be limited to the following:

19 (1) General overview of the health benefits program, including,
20 but not limited to, the following:

21 (A) Description of health plans and benefits provided, including
22 essential and nonessential benefits as required by state and federal
23 law, member expected out-of-pocket expenses, and actuarial value
24 by metal tier as defined by the federal Patient Protection and
25 Affordable Care Act (Public Law 111-148), as amended by the
26 federal Health Care and Education Reconciliation Act of 2010
27 (Public Law 111-152).

28 (B) Geographic coverage.

29 (C) Historic enrollment information by basic and Medicare
30 plans, by state and contract agencies, by active and retired
31 membership, and by subscriber and dependent tier.

32 (D) Historic expenditures by basic and Medicare plans, by state
33 and contract agencies, by active and retired membership, and by
34 subscriber and dependent tier.

35 (2) Reconciliation of premium increases or decreases from the
36 prior plan year, and the reasons for those changes.

37 (A) Description of benefit design and benefit changes, including
38 prescription drug coverage, by plan. The description shall detail
39 whether benefit changes were required by statutory mandate,
40 federal law, or an exercise of the board's discretion, the costs or

1 savings of the benefit change, and the impact of how the changes
2 fit into a broader strategy.

3 (B) Discussion of risk.

4 (C) Description of medical trend changes in aggregate service
5 categories for each plan. The aggregate service categories used
6 shall include the standard categories of information collected by
7 the board, consisting of the following: inpatient, emergency room,
8 ambulatory surgery, office, ambulatory radiology, ambulatory lab,
9 mental health and substance abuse, other professional,
10 prescriptions, and all other service categories.

11 (D) Reconciliation of past year premiums against actual
12 enrollments, revenues, and accounts receivables.

13 (3) Overall member health as reflected by data on chronic
14 conditions.

15 (4) The impact of federal subsidies or contributions to the health
16 care of members, including Medicare Part A, Part B, Part C, or
17 Part D, low-income subsidies, or other federal program.

18 (5) The cost of benefits beyond Medicare contained in the
19 board's Medicare supplemental plans.

20 (6) A description of plan quality performance and member
21 satisfaction, including, but not limited to, the following:

22 (A) The Healthcare Effectiveness Data and Information Set,
23 referred to as HEDIS.

24 (B) The Medicare star rating for Medicare supplemental plans.

25 (C) The degree of satisfaction of members and annuitants with
26 the health benefit plans and with the quality of the care provided,
27 to the extent the board surveys participants.

28 (D) The level of accessibility to preferred providers for rural
29 members who do not have access to health maintenance
30 organizations.

31 (E) Other applicable quality measurements collected by the
32 board as part of the board's health plan contracts.

33 (7) A description of risk assessment and risk mitigation policy
34 related to the board's self-funded and flex-funded plan offerings,
35 including, but not limited to the following:

36 (A) Reserve levels and their adequacy to mitigate plan risk.

37 (B) The expected change in reserve levels and the factors leading
38 to this change.

39 (C) Policies to reduce excess reserves or rebuild inadequate
40 reserves.

1 (D) Decisions to lower premiums with excess reserves.

2 (E) The use of reinsurance and other alternatives to maintaining
3 reserves.

4 (8) Description and reconciliation of administrative
5 expenditures, including, but not limited to, the following:

6 (A) Organization and staffing levels, including salaries, wages,
7 and benefits.

8 (B) Operating expenses and equipment expenditure items,
9 including, but not limited to, internal and external consulting and
10 intradepartmental transfers.

11 (C) Funding sources.

12 (D) Investment strategies, historic investment performance, and
13 expected investment returns of the Public Employees' Contingency
14 Reserve Fund and the Public Employees' Health Care Fund.

15 (9) Changes in strategic direction and major policy initiatives.

16 (b) A report submitted pursuant to subdivision (a) shall be
17 provided in compliance with Section 9795.

18 *SEC. 6. Section 100505 of the Government Code is amended*
19 *to read:*

20 100505. (a) The board shall establish and use a competitive
21 process to select participating carriers and any other contractors
22 under this title. Any contract entered into pursuant to this title shall
23 be exempt from ~~Chapter 1~~ Part 2 (commencing with Section
24 10100) of ~~Part 2~~ of Division 2 of the Public Contract Code, and
25 shall be exempt from the review or approval of any division of the
26 Department of General Services. The board shall adopt a Health
27 Benefit Exchange Contracting Manual incorporating procurement
28 and contracting policies and procedures that shall be followed by
29 the Exchange. The policies and procedures in the manual shall be
30 substantially similar to the provisions contained in the State
31 Contracting Manual.

32 (b) The adoption, amendment, or repeal of a regulation by the
33 board to implement this section, including the adoption of a manual
34 pursuant to subdivision (a) and any procurement process conducted
35 by the Exchange in accordance with the manual, is exempt from
36 the rulemaking provisions of the Administrative Procedure Act
37 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
38 Division 3 of Title 2).

39 *SEC. 7. Section 1233.10 of the Penal Code is amended to read:*

1233.10. (a) Upon agreement to accept funding from the Recidivism Reduction Fund, created in Section 1233.9, a county board of supervisors, in collaboration with the county's Community Corrections Partnership, shall develop, administer, and collect and submit data to the Board of State and Community Corrections regarding a competitive grant program intended to fund community recidivism and crime reduction services, including, but not limited to, delinquency prevention, homelessness prevention, and reentry services.

(1) Commencing with the 2014–15 fiscal year, the funding shall be allocated to counties by the State Controller's Office from Item 5227-101-3259 of Section 2.00 of the Budget Act of 2014 according to the following schedule:

Alameda	\$ 250,000
Alpine	\$ 10,000
Amador	\$ 10,000
Butte	\$ 50,000
Calaveras	\$ 10,000
Colusa	\$ 10,000
Contra Costa	\$ 250,000
Del Norte	\$ 10,000
El Dorado	\$ 50,000
Fresno	\$ 250,000
Glenn	\$ 10,000
Humboldt	\$ 50,000
Imperial	\$ 50,000
Inyo	\$ 10,000
Kern	\$ 250,000
Kings	\$ 50,000
Lake	\$ 25,000
Lassen	\$ 10,000
Los Angeles	\$ 1,600,000
Madera	\$ 50,000
Marin	\$ 50,000
Mariposa	\$ 10,000
Mendocino	\$ 25,000
Merced	\$ 50,000
Modoc	\$ 10,000
Mono	\$ 10,000

1	Monterey	\$ 100,000
2	Napa	\$ 50,000
3	Nevada	\$ 25,000
4	Orange	\$ 500,000
5	Placer	\$ 50,000
6	Plumas	\$ 10,000
7	Riverside	\$ 500,000
8	Sacramento	\$ 250,000
9	San Benito	\$ 25,000
10	San Bernardino	\$ 500,000
11	San Diego	\$ 500,000
12	San Francisco	\$ 250,000
13	San Joaquin	\$ 250,000
14	San Luis Obispo	\$ 50,000
15	San Mateo	\$ 250,000
16	Santa Barbara	\$ 100,000
17	Santa Clara	\$ 500,000
18	Santa Cruz	\$ 50,000
19	Shasta	\$ 50,000
20	Sierra	\$ 10,000
21	Siskiyou	\$ 10,000
22	Solano	\$ 100,000
23	Sonoma	\$ 100,000
24	Stanislaus	\$ 100,000
25	Sutter	\$ 25,000
26	Tehama	\$ 25,000
27	Trinity	\$ 10,000
28	Tulare	\$ 100,000
29	Tuolumne	\$ 25,000
30	Ventura	\$ 250,000
31	Yolo	\$ 50,000
32	Yuba	\$ 25,000

33

34 (2) Commencing with the 2015–16 fiscal year, the funding shall
 35 be allocated to counties by the State Controller’s Office from Item
 36 5227-101-3259 of Section 2.00 of the Budget Act of 2015
 37 according to the following schedule:

38

39	Alameda	\$ 125,000
40	Alpine	\$ 5,000

1	Amador	\$ 5,000
2	Butte	\$ 25,000
3	Calaveras	\$ 5,000
4	Colusa	\$ 5,000
5	Contra Costa	\$ 125,000
6	Del Norte	\$ 5,000
7	El Dorado	\$ 25,000
8	Fresno	\$ 125,000
9	Glenn	\$ 5,000
10	Humboldt	\$ 25,000
11	Imperial	\$ 25,000
12	Inyo	\$ 5,000
13	Kern	\$ 125,000
14	Kings	\$ 25,000
15	Lake	\$ 12,500
16	Lassen	\$ 5,000
17	Los Angeles	\$ 800,000
18	Madera	\$ 25,000
19	Marin	\$ 25,000
20	Mariposa	\$ 5,000
21	Mendocino	\$ 12,500
22	Merced	\$ 25,000
23	Modoc	\$ 5,000
24	Mono	\$ 5,000
25	Monterey	\$ 50,000
26	Napa	\$ 25,000
27	Nevada	\$ 12,500
28	Orange	\$ 250,000
29	Placer	\$ 25,000
30	Plumas	\$ 5,000
31	Riverside	\$ 250,000
32	Sacramento	\$ 125,000
33	San Benito	\$ 12,500
34	San Bernardino	\$ 250,000
35	San Diego	\$ 250,000
36	San Francisco	\$ 125,000
37	San Joaquin	\$ 125,000
38	San Luis Obispo	\$ 25,000
39	San Mateo	\$ 125,000
40	Santa Barbara	\$ 50,000

1	Santa Clara	\$ 250,000
2	Santa Cruz	\$ 25,000
3	Shasta	\$ 25,000
4	Sierra	\$ 5,000
5	Siskiyou	\$ 5,000
6	Solano	\$ 50,000
7	Sonoma	\$ 50,000
8	Stanislaus	\$ 50,000
9	Sutter	\$ 12,500
10	Tehama	\$ 12,500
11	Trinity	\$ 5,000
12	Tulare	\$ 50,000
13	Tuolumne	\$ 12,500
14	Ventura	\$ 125,000
15	Yolo	\$ 25,000
16	Yuba	\$ 12,500

17

18 (b) For purposes of this section, “community recidivism and
 19 crime reduction service provider” means a nongovernmental entity
 20 or a consortium or coalition of nongovernmental entities, that
 21 provides community recidivism and crime reduction services, as
 22 described in paragraph (2) of subdivision (c), to persons who have
 23 been released from the state prison, a county jail, a juvenile
 24 detention facility, who are under the supervision of a parole or
 25 probation department, or any other person at risk of becoming
 26 involved in criminal activities.

27 (c) (1) A community recidivism and crime reduction service
 28 provider shall have a demonstrated history of providing services,
 29 as described in paragraph (2), to the target population during the
 30 five years immediately prior to the application for a grant awarded
 31 pursuant to this section.

32 (2) A community recidivism and crime reduction service
 33 provider shall provide services that are designed to enable persons
 34 to whom the services are provided to refrain from engaging in
 35 crime, reconnect with their family members, and contribute to their
 36 communities. Community recidivism and crime reduction services
 37 may include all of the following:

- 38 (A) Self-help groups.
- 39 (B) Individual or group assistance with basic life skills.
- 40 (C) Mentoring programs.

1 (D) Academic and educational services, including, but not
2 limited to, services to enable the recipient to earn his or her high
3 school diploma.

4 (E) Job training skills and employment.

5 (F) Truancy prevention programs.

6 (G) Literacy programs.

7 (H) Any other service that advances community recidivism and
8 crime reduction efforts, as identified by the county board of
9 supervisors and the Community Corrections Partnership.

10 (I) Individual or group assistance with referrals for any of the
11 following:

12 (i) Mental and physical health assessments.

13 (ii) Counseling services.

14 (iii) Education and vocational programs.

15 (iv) Employment opportunities.

16 (v) Alcohol and drug treatment.

17 (vi) Health, wellness, fitness, and nutrition programs and
18 services.

19 (vii) Personal finance and consumer skills programs and
20 services.

21 (viii) Other personal growth and development programs to
22 reduce recidivism.

23 (ix) Housing assistance.

24 (d) Pursuant to this section and upon agreement to accept
25 funding from the Recidivism Reduction Fund, the board of
26 supervisors, in collaboration with the county's Community
27 Corrections Partnership, shall grant funds allocated to the county,
28 as described in subdivision (a), to community recidivism and crime
29 reduction service providers based on the needs of their community.

30 (e) (1) The amount awarded to each community recidivism and
31 crime reduction service provider by a county shall be based on the
32 population of the county, as projected by the Department of
33 Finance, and shall not exceed the following: *following for each*
34 *Budget Act allocation:*

35 (A) One hundred thousand dollars (\$100,000) in a county with
36 a population of over 4,000,000 people.

37 (B) Fifty thousand dollars (\$50,000) in a county with a
38 population of 700,000 or more people but less than 4,000,000
39 people.

1 (C) Twenty five thousand dollars (\$25,000) in a county with a
2 population of 400,000 or more people but less than 700,000 people.

3 (D) Ten thousand dollars (\$10,000) in a county with a population
4 of less than 400,000 people.

5 (2) The total amount of grants awarded to a single community
6 recidivism and crime reduction service provider by all counties
7 pursuant to this section shall not exceed one hundred thousand
8 dollars ~~(\$100,000)~~. *(\$100,000) per Budget Act allocation.*

9 (f) The board of supervisors, in collaboration with the county's
10 Community Corrections Partnership, shall establish minimum
11 requirements, funding criteria, and procedures for the counties to
12 award grants consistent with the criteria established in this section.

13 (g) A community recidivism and crime reduction service
14 provider that receives a grant under this section shall report to the
15 county board of supervisors or the Community Corrections
16 Partnership on the number of individuals served and the types of
17 services provided, consistent with paragraph (2) of subdivision
18 (c). The board of supervisors or the Community Corrections
19 Partnership shall report to the Board of State and Community
20 Corrections any information received under this subdivision from
21 grant recipients.

22 (h) Of the total amount granted to a county, up to 5 percent may
23 be withheld by the board of supervisors or the Community
24 Corrections Partnership for the payment of administrative costs.

25 (i) Any funds allocated to a county under this section shall be
26 available for expenditure for a period of four years and any
27 unexpended funds shall revert to the state General Fund at the end
28 of the four-year period.

29 *SEC. 8. Section 17138.3 of the Revenue and Taxation Code is*
30 *amended to read:*

31 17138.3. (a) For each taxable year beginning on or after July
32 1, 2015, gross income does not include an amount received as a
33 ~~loan~~, loan forgiveness, grant, credit, rebate, voucher, or other
34 financial incentive issued by the California Residential Mitigation
35 Program or the California Earthquake Authority to assist a
36 residential property owner or occupant with expenses paid, or
37 obligations incurred, for earthquake loss mitigation.

38 (b) For the purposes of this section, "earthquake loss mitigation"
39 means an activity that reduces seismic risks to a residential
40 structure or its contents, or both. For purposes of structural seismic

1 risk mitigation, a residential structure is ~~a structure described in~~
2 ~~subdivision (a) of Section 10087 of the Insurance Code. either of~~
3 ~~the following:~~

4 (1) A structure described in subdivision (a) of Section 10087 of
5 the Insurance Code.

6 (2) A residential building of not fewer than 2, but not more than
7 10, dwelling units.

8 SEC. 9. Section 24308.7 of the Revenue and Taxation Code is
9 amended to read:

10 24308.7. (a) For each taxable year beginning on or after July
11 1, 2015, gross income does not include an amount received as a
12 ~~loan~~, loan forgiveness, grant, credit, rebate, voucher, or other
13 financial incentive issued by the California Residential Mitigation
14 Program or the California Earthquake Authority to assist a
15 residential property owner or occupant with expenses paid, or
16 obligations incurred, for earthquake loss mitigation.

17 (b) For the purposes of this section, “earthquake loss mitigation”
18 means an activity that reduces seismic risks to a residential
19 structure or its contents, or both. For purposes of structural seismic
20 risk mitigation, a residential structure is ~~a structure described in~~
21 ~~subdivision (a) of Section 10087 of the Insurance Code. either of~~
22 ~~the following:~~

23 (1) A structure described in subdivision (a) of Section 10087 of
24 the Insurance Code.

25 (2) A residential building of not fewer than 2, but not more than
26 10, dwelling units.

27 SEC. 10. Item 4170-101-3098 is added to Section 2.00 of the
28 Budget Act of 2015, and the amount of four hundred thousand
29 dollars (\$400,000) is hereby appropriated from the State
30 Department of Public Health Licensing and Certification Program
31 Fund to this item for Program 3900-Supportive Services, for the
32 Long-Term Care Ombudsman Program.

33 SEC. 11. This act is a bill providing for appropriations related
34 to the Budget Bill within the meaning of subdivision (e) of Section
35 12 of Article IV of the California Constitution, has been identified
36 as related to the budget in the Budget Bill, and shall take effect
37 immediately.

1 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
2 ~~changes relating to the Budget Act of 2015.~~

O